



U.S. Department of Justice

*United States Attorney
Northern District of Illinois
Western Division*

*Scott A. Verseman
Assistant U.S. Attorney*

*308 West State Street - Room 300
Rockford, Illinois 61101*

*PH: (815) 987-4444
FAX: (815) 987-4236*

May 30, 2008

ROCKFORD REALTOR SENTENCED TO PRISON FOR MORTGAGE FRAUD

ROCKFORD – PATRICK J. FITZGERALD, United States Attorney for the Northern District of Illinois; ROBERT D. GRANT, Special Agent-In-Charge of the Chicago Office of the Federal Bureau of Investigation; and BARRY McLAUGHLIN, Special Agent-In-Charge of the Chicago Field Office of the Department of Housing and Urban Development – Office of the Inspector General (“HUD-OIG”), today made the following announcement:

Yesterday afternoon, United States District Judge Frederick J. Kapala sentenced Rockford realtor **RAYMOND S. TALAN** to 15 months in federal prison, without parole, for mortgage fraud. Judge Kapala also ordered Talan to serve 3 years of supervised release after his prison term.

On July 3, 2007, a federal grand jury in Rockford returned a 10-count indictment charging Talan, 42, of Caledonia, Illinois, with wire fraud, interstate carrier fraud, and making false statements to the Department of Housing and Urban Development (“HUD”). Specifically, the indictment alleged that Talan conducted a scheme to defraud commercial lenders and HUD by causing unqualified loan applicants to receive commercial and Federal Housing Administration (“FHA”) insured loans.

According to the indictment, to be eligible to receive an FHA insured loan, borrowers must: (1) have sufficient income to make their mortgage payments; (2) have satisfactory credit standing, including timely payment of their prior rental obligations; and (3) invest 3% equity into the houses they are purchasing. The indictment further alleged that commercial lenders often impose similar requirements for borrowers who obtain conventional loans, including requirements that the borrowers have sufficient income to make their mortgage payments and invest a certain percentage of equity in the houses they are purchasing.

On February 15, 2008, Talan pled guilty to one of the wire fraud counts contained in the indictment. In his plea agreement, Talan admitted that from at least June of 2002, through at least March of 2004, he conducted a scheme to defraud both HUD and commercial lenders by causing unqualified borrowers to receive both FHA-insured loans and conventional loans. Specifically, Talan admitted that some of his real estate customers did not have sufficient income to qualify for loans for the houses they were purchasing. In these instances, Talan admitted that he deceived HUD and the commercial lenders regarding the amount of income that these customers were earning. According to the plea agreement, information supplied by Talan was used to create fraudulent “Verifications of Employment” forms, false pay-stubs, and fictitious IRS Forms W-2. These documents falsely reflected that the borrowers were working at businesses owned by Talan’s relatives.

Talan also admitted that he caused fraudulent "Verification of Rent" forms to be prepared for some of this customers. These forms falsely stated that Talan's buyers had previously rented certain properties and had paid their rent on time. In addition, Talan admitted that he caused fraudulent cashier's checks to be created in order to mislead HUD and the private lenders into believing that his customers had invested a certain percentage of their own funds in the houses they were purchasing. According to the plea agreement, all of the fraudulent documents that Talan caused to be created were placed in the loan files that were sent to HUD and the private lenders.

In addition to sentencing Talan to federal prison for 15 months, the court also ordered him to pay \$162,525.66 in restitution. Of this amount, \$82,369.90 will be paid to HUD, and the remaining \$80,155.76 will be paid to the private lenders that were defrauded.

The case is being investigated by the Rockford office of the FBI and the Chicago office of HUD-OIG. The case will be prosecuted in federal court by Assistant United States Attorney SCOTT A. VERSEMAN.

#####